ZHENRO SERVICES GROUP LIMITED
正榮服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6958)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

1. During the Reporting Period, the revenue of the Group was approximately RMB606.5 million, which was quite stable as compared with the revenue of approximately RMB605.8 million in the same period of 2022.

2. The revenue of the Group is mainly derived from four major businesses: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management services. During the Reporting Period, (i) property management services remained the largest source of revenue for the Group, revenue from property management services reached approximately RMB403.4 million, accounting for approximately 66.5% of the overall revenue, representing a year-on-year increase of approximately 13.7% as compared with approximately RMB355.0 million in the same period of 2022; (ii) revenue from value-added services to non-property owners reached approximately RMB41.7 million, accounting for approximately 6.9% of the overall revenue, representing a year-on-year decrease of approximately 60.1% compared to approximately RMB104.3 million in the same period of 2022; (iii) revenue from community value-added services reached approximately RMB96.7 million, accounting for 15.9% of the overall revenue, representing a year-on-year increase of approximately 15.1% compared to approximately RMB84.0 million in the same period of 2022; and (iv) revenue from commercial operational management services reached approximately RMB64.7 million, accounting for 10.7% of the overall revenue, representing a year-on-year increase of approximately 3.5% compared to approximately RMB62.5 million in the same period of 2022.

3. During the Reporting Period, the gross profit of the Group was approximately RMB156.5 million for the six months ended 30 June 2023, representing a decrease of approximately 18.9% from approximately RMB193.1 million in the same period of 2022.

4. The profit for the Reporting Period was approximately RMB15.4 million, the profit was approximately RMB9.2 million in the same period of 2022. The profit attributable to owners of the parent for the Reporting Period was approximately RMB15.4 million, the profit attributable to owners of the parent was approximately RMB8.4 million in the same period of 2022.

5. As at 30 June 2023, the gross floor area ("**GFA**") under management of the Group's property management services was approximately 80.7 million square meters ("**sq.m.**"), representing an increase of approximately 0.7% from approximately 80.1 million sq.m. as at 31 December 2022.

6. The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

The board (the "**Board**") of directors (the "**Directors**") of Zhenro Services Group Limited (the "**Company**" or "**Zhenro Services**") is pleased to announce the unaudited interim condensed consolidated results (the "**Interim Results**") of the Company and its subsidiaries (together, the "**Group**" or "**We**") for the six months ended 30 June 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**606,469**	605,798
Cost of sales		**(449,925)**	(412,713)
GROSS PROFIT		**156,544**	193,085
Other income and gains	*5*	**7,762**	12,721
Administrative expenses		**(82,680)**	(75,190)
Impairment losses on financial assets, net		**(13,658)**	(90,124)
Fair value losses on investment properties		**(31,920)**	(26,570)
Share of profits and losses of associates		**(66)**	–
Finance costs		**(3,529)**	(6,481)
PROFIT BEFORE TAX	*6*	**32,453**	7,441
Income tax expenses	*7*	**(17,040)**	1,791
PROFIT FOR THE PERIOD		**15,413**	9,232
Attributable to:			
Owners of the parent		**15,447**	8,369
Non-controlling interests		**(34)**	863
		15,413	9,232
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	*9*	**RMB0.01**	RMB0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**15,413**	9,232
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(36)**	(41)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(36)**	(41)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(36)**	(41)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**15,377**	9,191
Attributable to:		
Owners of the parent	**15,411**	8,328
Non-controlling interests	**(34)**	863
	15,377	9,191

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2023

	Notes	**30 June 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property and equipment	*10*	**5,783**	5,926
Investment properties		**2,440**	4,382
Right-of-use assets		**54,270**	86,190
Goodwill		**537,777**	537,777
Other intangible assets		**41,600**	44,697
Investment in associates		**1,114**	1,180
Deferred tax assets		**53,485**	53,383
Total non-current assets		**696,469**	733,535
CURRENT ASSETS			
Finance lease receivables		**14,842**	35,880
Trade receivables	*11*	**386,754**	282,667
Due from related companies		**98,590**	110,004
Prepayments, deposits and other receivables		**128,663**	127,836
Cash and bank balances		**681,284**	691,627
Total current assets		**1,310,133**	1,248,014
CURRENT LIABILITIES			
Trade payables	*12*	**191,310**	149,479
Other payables and accruals		**433,394**	417,958
Due to related companies		**3,141**	2,040
Interest-bearing bank and other borrowings	*13*	**80,182**	85,017
Tax payable		**38,960**	40,566
Lease liabilities		**37,426**	69,412
Total current liabilities		**784,413**	764,472
NET CURRENT ASSETS		**525,720**	483,542
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,222,189**	1,217,077

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**12,058**	15,100
Lease liabilities		**627**	2,976
Deferred tax liabilities		**13,042**	18,596
Other payables		**11,549**	11,114
Total non-current liabilities		**37,276**	47,786
NET ASSETS		**1,184,913**	1,169,291
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		**7,867**	7,867
Reserves		**1,171,187**	1,155,776
		1,179,054	1,163,643
Non-controlling interests		**5,859**	5,648
TOTAL EQUITY		**1,184,913**	1,169,291

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 JUNE 2023

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 17 December 2018. The registered office address of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company's subsidiaries are principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services for residential and non-residential properties and commercial operational management services in the People's Republic of China ("**PRC**")/Mainland China.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard ("**IAS**") *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

   The amendments did not have any impact on the financial position or performance of the Group.

d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the property management business. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Reporting Period, the Group operated within one geographical location because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical information is presented.

Information about major customers

No revenue from the provision of services to a single customer amounted to 10% or more of the total revenue of the Group during the six months ended 30 June 2023. For the six months ended 30 June 2022, revenue from sales to Zhenro Properties Group Limited and its subsidiaries ("**Zhenro Properties Group**") contributed 20.3% of the Group's revenue. Other than the revenue from Zhenro Properties Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2022.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**583,467**	581,852
Revenue from other sources		
Sublease services	**23,002**	23,946
	606,469	605,798

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2023

Segments	**Property Management services**	**Value-added services to non-property owners**	**Community value-added services**	**Brand and management output services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Type of goods or services					
Rendering of services	**403,432**	**37,485**	**82,771**	**41,712**	**565,400**
Sales of goods	**–**	**4,172**	**13,895**	**–**	**18,067**
Total revenue from contracts with customers	**403,432**	**41,657**	**96,666**	**41,712**	**583,467**
Geographical markets					
Mainland China	**403,432**	**41,657**	**96,666**	**41,712**	**583,467**
Timing of revenue recognition					
Revenue recognised over time	**403,432**	**36,753**	**24,903**	**38,718**	**503,806**
Revenue recognised at a point in time	**–**	**4,904**	**71,763**	**2,994**	**79,661**
Total revenue from contracts with customers	**403,432**	**41,657**	**96,666**	**41,712**	**583,467**

For the six months ended 30 June 2022

Segments	Property Management services *RMB'000*	Value-added services to non-property owners *RMB'000*	Community value-added services *RMB'000*	Brand and management output services *RMB'000*	Total *RMB'000*
Type of goods or services					
Rendering of services	354,967	99,735	77,134	38,579	570,415
Sales of goods	–	4,557	6,880	–	11,437
Total revenue from contracts with customers	354,967	104,292	84,014	38,579	581,852
Geographical markets					
Mainland China	354,967	104,292	84,014	38,579	581,852
Timing of revenue recognition					
Revenue recognised over time	354,967	96,020	21,518	34,930	507,435
Revenue recognised at a point in time	–	8,272	62,496	3,649	74,417
Total revenue from contracts with customers	354,967	104,292	84,014	38,579	581,852

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	**89**	111
Government grants	**2,095**	5,715
Value added tax additional deduction	**840**	1,101
Rental income	**1,377**	1,216
Finance income from finance lease	**2,116**	3,546
Others	**1,245**	1,032
	7,762	12,721

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Note	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property and equipment	10	**1,533**	2,265
Depreciation of right-of-use assets		**1,942**	612
Amortisation of other intangible assets		**3,614**	3,550
Lease payments not included in the measurement of lease liabilities		**1,976**	1,919
Auditor's remuneration		**1,300**	1,550
Impairment of financial assets, net			
Impairment of financial lease receivables, net		**(1,334)**	(495)
Impairment of trade receivables, net		**12,970**	7,901
Impairment of amounts due from related parties, net		**1,160**	81,030
Impairment of other receivables, net		**862**	1,688
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other allowances		**213,111**	209,777
Pension scheme contributions and social welfare		**27,293**	28,249
		240,404	238,026

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Reporting Period.

The general corporate income tax rate in PRC is 25%. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise ("**SLE**") with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income. One of the Group's subsidiaries is located in Economic Area of GuangXi North Bay in western regions of China and enjoy the preferential income tax rate of 9%.

Income tax in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current – Mainland China:		
Charge for the period	**22,696**	38,406
Deferred tax	**(5,656)**	(40,197)
Total tax charge for the period	**17,040**	(1,791)

8. DIVIDENDS

The directors do not recommend any interim dividend in the Reporting Period.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,037,500,000 (six months ended 30 June 2022: 1,037,500,000) in issue during the period.

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of the basic earnings per share amount is based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	**15,447**	8,369
Shares		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**1,037,500,000**	1,037,500,000

10. PROPERTY AND EQUIPMENT

	RMB'000
	(Unaudited)
At 1 January 2023	5,926
Additions	1,441
Disposal of a subsidiary	–
Depreciation *(note 6)*	(1,533)
Disposals	(51)
At 30 June 2023	5,783

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the date of the demand note, net of loss allowance, is as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 1 year	**327,760**	245,165
1 to 2 years	**54,249**	36,709
2 to 3 years	**4,745**	793
	386,754	282,667

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 1 year	**176,622**	144,674
Over 1 year	**14,688**	4,805
	191,310	149,479

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The fair values of trade and bills payables approximate to their carrying amounts due to their relatively short term maturity.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Current		
Bank loan – unsecured	**69,233**	68,772
Current portion of long-term bank loans		
– unsecured	**4,920**	10,205
– secured	**6,029**	6,040
	80,182	85,017
Non-current		
Bank loans repayable over one year		
– secured	**12,058**	15,100
	92,240	100,117
Carrying amounts repayable:		
Within one year	**80,182**	85,017
Over one year	**12,058**	15,100
	92,240	100,117

The Group's borrowings are all denominated in RMB and bear interest at fixed rates.

As at 30 June 2023, the Group's bank borrowings of RMB18,087,000 (31 December 2022: RMB21,140,000) were pledged by 70% equity interests of Jiangsu Sutie Property Management Co., Ltd., a subsidiary the Group.

14. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 25 August 2023.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the Interim Results of the Group for the six months ended 30 June 2023.

RESULTS REVIEW

During the Reporting Period, the revenue of the Group increased by 0.1% to RMB606.5 million as compared with RMB605.8 million for the corresponding period last year; the profit for the Reporting Period was RMB15.4 million, the profit was approximately RMB9.2 million in the same period of 2022; the profit attributable to owners of the parent for the Reporting Period was RMB15.4 million, the profit attributable to owners of the parent was approximately RMB8.4 million in the same period of 2022.

BUSINESS REVIEW

In the first half of 2023, the property management and commercial management industry continued to implement the keynote of high-quality development, continuously explored development paths suitable for its own characteristics, and made significant progress in balancing management scale and service quality. In the face of macroeconomic adjustments and changes in the policy environment, property management and commercial management enterprises have actively responded to the challenges, strengthened their independent development capabilities, expanded their service boundaries, and promoted the transformation and upgrading of the industry.

In the first half of 2023, with its abundant resource integration advantages in deep engagement areas, the Group promoted multi-format development layout and diversified business innovation, and continued to improve its service quality and digital technology, thereby achieving steady growth in business scale, operating results and service quality.

Focusing on advantageous regions and paths, and adhering to high-quality and steady development

In the first half of 2023, the Group continued to focus on advantageous regions and consolidate the fundamentals, laying a good foundation for sound and sustainable development. In terms of business sector selection, the Group focused on the types of projects with more room for growth and value, such as projects related to commercial offices, public construction and industrial parks. Meanwhile, the Group promoted the transformation of high-quality strategic resources through innovative and optimized cooperation models and continuously improved expansion channels, and continued to achieve breakthroughs in the fields of urban services, space management and business management. During the Reporting Period, the Group acquired high-quality commercial offices, urban services and commercial operational management projects, such as Line 11 of Suzhou Rail System, Fuzhou New Drug Innovation Center, Ezhou Aviation Logistics Industrial Park, Kowloon Port Plaza and Jiuli Plaza.

During the Reporting Period, the number of property service projects under management of the Group increased to 378. The contracted GFA reached approximately 109.6 million sq.m., representing a net increase of approximately 0.5 million sq.m. as compared to 31 December 2022, and the total GFA under management reached approximately 80.7 million sq.m., representing a net increase of approximately 0.6 million sq.m. as compared to 31 December 2022.

Continuously strengthening service quality, and improving intelligent services

We have noticed the importance of quality service and customer experience to property services. Customers are raising increasingly high requirements for property services, not only demanding to meet their basic property management needs, but also expecting to enjoy more personalized and differentiated services. Zhenro Services has always adhered to the brand philosophy of "providing heartfelt and personalized services for your well-being (服務由心, 幸福為你)", insisted on quality improvement in a high-quality, caring and intelligent manner, and maintained the pursuit of high standards in terms of product and service quality. In the first half of 2023, we took a series of initiatives to further enhance customer satisfaction and brand image. In addition to initiatives such as Green Operations, Brightness Action and "Rongguan + Certification (榮管+認證)", we also actively introduced advanced technologies and management methods to improve our service efficiency and quality. In the first half of 2023, we completed the development of a brand new customer service program, "Ronglehui (榮樂慧)", and conducted a pilot run. Through intelligent service methods, we have made our services more intelligent and our customer experience more convenient. Meanwhile, we have also strengthened employee training and quality enhancement to ensure their professional knowledge and good service attitudes. Moreover, we established a quality control team responsible for overseeing the quality of property services, and standardized the unified evaluation tools to comprehensively monitor the improvement of service quality from multiple dimensions.

In terms of humanistic care, we continued the previously launched "Happiness, Prosperity and Pleasure – Community Cultural Activity System (幸福榮樂－社區文化活動體係)", which presented care services to all-age customers from needs in the cultural, social, emotional to other aspects and strengthened community operation, allowing customers to experience the humanistic care of Zhenro Services while enjoying the high-quality services, and striving to build this system into an IP with the characteristics of Zhenro Services.

In terms of commercial management, we initiated a special program for operation improvement of commercial projects under our management in 2023, and achieved good results. Through the "Rongguang Action (榮光行動)", we effectively enhanced the operation and management level of commercial projects and created the "Joint Marketing of Zhenro Services (愛聚正榮聯合營銷)", which resulted in a significant year-on-year increase in the customer flow in the first half of the year, enhanced the commercial atmosphere of the projects under our management, and attracted more brands and customers to experience the commercial management services provided by Zhenro Services.

Cultivating core competitiveness based on the people-oriented principle, and leveraging the motive force of corporate culture

In addition, we attach great importance to talent training and development. We are aware of the fact that excellent employees are an important cornerstone for sustainable development of property management and commercial management enterprises. Therefore, we focus on establishing a sound talent training system to provide our employees with a broad development space and a good career development platform. We continuously improve the professional capability and management quality of our employees through internal training, external learning and communication. Meanwhile, we actively attract outstanding talents to join the Company and establish a high-quality and professional team to provide strong support for the sustainable development of the Company.

In terms of corporate culture development, we always uphold the core values of "attaining prosperity with integrity (正直構築繁榮)". We launched the "Integrity • Action – Integrity Culture Practice Plan (正•行動－正直文化踐行計劃)" in 2023. Through the cultivation and implementation of our corporate culture, we have promoted the improvement of professional competence and moral integrity of our employees, and enhanced the quality of our services and the social image of Zhenro Services.

OUTLOOK

In the second half of 2023, the Chinese government released a number of positive signals related to macro policies and the capital market, which were conducive to strengthening market confidence, boosting domestic consumption in China, and promoting the overall stabilization and recovery of the market. The property management and commercial management industry will also usher in a new round of opportunities, which requires the industry to focus on quality itself and prioritize good products + good services. Facing the new market opportunities and challenges, we will continue to uphold the concept of high-quality development, constantly improve our service quality, strengthen the development of information technology, and enhance talent training. We will maintain our focus on advantageous fields, independently develop and actively explore innovative paths that align with industry development trends.

APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere appreciation to all shareholders, investors, business partners and customers for their support to the Company, and all employees for their dedication and hard work. We will continue to uphold our service concept of "providing heartfelt and personalised services for your well-being" ("服務由心, 幸福為你"), create a beautiful life for our customers, and continue our efforts on contributing to the prosperity of society.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Model of the Group

The Group has four business lines, namely, (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management services, providing integrated services to its customers that cover the entire value chain of property management.

- Property management services. The Group provides a wide range of property management services to property developers, property owners, residents and commercial property tenants. The Group's property management services primarily include (i) cleaning services; (ii) security services; (iii) landscaping services; and (iv) repair and maintenance services for both residential and non-residential properties and commercial properties.

- Value-added services to non-property owners. The Group offers a comprehensive range of property-related business solutions to non-property owners, which primarily include property developers. The Group's value-added services to non-property owners primarily consist of (i) sales assistance services (involving providing assistance to property developers in showcasing and marketing their properties, cleaning and maintenance services, and security and visitor management services); (ii) additional tailored services customised to meet specific needs of customers on an as-needed basis and sales of goods; (iii) housing repair services; (iv) preliminary planning and design consultancy services; and (v) pre-delivery inspection services.

- Community value-added services. The Group provides community value-added services to property owners and residents. The community value-added services primarily include (i) home-living services; (ii) car park management, leasing assistance and other services; and (iii) common area value-added services to improve the living experience of customers and to maintain and enhance the value of their properties.

- Commercial operational management services. The Group provides commercial operational management services to tenants and customers, which primarily include (i) brand and management output services; and (ii) sublease services.

The Group believes that its property management services business line serves as the basis for the Group to generate revenue, expand its business scale, and increase its customer base for its community value-added services to property owners and residents. The Group's value-added services to non-property owners can help it gain early access to property development projects and establish and cultivate business relationships with property developers, giving the Group a competitive advantage in securing engagements for property management services. The comprehensive range of the Group's community value-added services business line helps to enhance its relationship with customers and improve their satisfaction and loyalty. The Group believes that its four business lines will continue to enable it to gain greater market shares and expand its business presence in China.

Property Management Services

Continuous Steadily Growth in Both Area and Scale

The Group adhered to the strategic target to steadily expand its management coverage area, and has achieved steady growth in contracted GFA and GFA under management through multiple efforts. As at 30 June 2023, the Group's contracted GFA amounted to approximately 109.6 million sq.m., representing an increase of 0.5% as compared with that as of 31 December 2022, and the number of contracted projects totalled 467. For the six months ended 30 June 2023, GFA under management of the Group's property management services reached approximately 80.7 million sq.m., representing an increase of approximately 0.7% as compared with that as of 31 December 2022, and the number of projects under management totalled 378.

The table below indicates the movement in the Group's contracted GFA and GFA under management for the six months ended 30 June 2023 and for the year ended 31 December 2022 respectively:

	For the six months ended 30 June 2023		For the year ended 31 December 2022	
	Contracted GFA *('000 sq.m.)*	**GFA under management *('000 sq.m.)***	Contracted GFA *('000 sq.m.)*	GFA under management *('000 sq.m.)*
As of the beginning of the period	**109,093**	**80,128**	104,055	70,982
New engagements[(1)]	**743**	**722**	5,475	9,481
Terminations[(2)]	**(239)**	**(136)**	(437)	(335)
As of the end of the period	**109,597**	**80,714**	109,093	80,128

Notes:

(1) With respect to residential communities the Group manage, new engagements primarily included preliminary management contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.

(2) These terminations included the Group's voluntary non-renewal of certain property management service contracts as it reallocated its resources to more profitable engagements in an effort to optimise its property management portfolio.

Geographic Presence of the Group

As of 30 June 2023, the Group has expanded its geographic presence to 55 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management and the total revenue generated from property management services by geographic location for the six months ended 30 June 2023 and 2022 respectively:

	As of 30 June or for the six months ended 30 June					
	2023			2022		
	GFA	**Revenue**		GFA	Revenue	
	('000 sq.m.)	***RMB'000***	*%*	*('000 sq.m.)*	*RMB'000*	*%*
Yangtze River Delta Region(1)	**26,478**	**229,726**	**56.9**	26,052	205,667	57.9
Bohai Rim Region(2)	**2,734**	**15,592**	**3.9**	2,755	23,101	6.5
Midwest Region(3)	**25,728**	**68,504**	**17.0**	22,661	55,047	15.5
Western Straits Region(4)	**25,774**	**89,610**	**22.2**	23,740	71,152	20.1
Total	**80,714**	**403,432**	**100.0**	75,208	354,967	100.0

Notes:

(1) Cities in which the Group has property management projects in the Yangtze River Delta Region include Shanghai, Nanjing, Suzhou, Hefei, Jiaxing, Taizhou, Chuzhou, Lu'an, Wuhu, Changzhou, Suzhou, Xuancheng, Chaohu, Fuyang, Hangzhou, Taizhou, Nantong, Xuzhou, Suqian, Chizhou and Wuxi.

(2) Cities in which the Group has property management projects in the Bohai Rim Region include Tianjin, Jinan, Luoyang and Zhengzhou.

(3) Cities in which the Group has property management projects in the Midwest Region include Nanchang, Yichun, Changsha, Wuhan, Xi'an, Ganzhou, Suizhou, Xiangyang, Yueyang, Chongqing, Chengdu, Ji'an, Huanggang, Guangyuan, Baoji, Kunming and Xianyang.

(4) Cities in which the Group has property management projects in the Western Straits Region include Fuzhou, Putian, Pingtan, Nanping, Quanzhou, Sanming, Zhangzhou, Xiamen and Foshan.

Value-Added Services Provided to Non-Property Owners

The Group provides value-added services to non-property owners, which mainly comprise (i) sales assistance services (involving providing assistance to property developers in showcasing and marketing their properties, cleaning and maintenance services, and security and visitor management services); (ii) additional tailored services customised to meet specific needs of its customers on an as-needed basis, and sales of goods; (iii) housing repair services; (iv) preliminary planning and design consultancy services; and (v) pre-delivery inspection services. Most of these non-property owners are property developers.

In the first half of 2023, revenue from value-added services provided to non-property owners decreased by 60.1% to approximately RMB41.7 million compared to approximately RMB104.3 million in the same period of 2022, mainly due to the decreased demand for services such as sales assistance services and additional tailored services in the projects developed by the Group and the partner property developers. In the first half of 2023, the revenue from value-added services to non-property owners accounted for 6.9% of the total revenue of the Group.

The following table sets forth the revenue breakdown of value-added services provided to non-property owners for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Sales assistance services	**24,057**	**57.7**	51,227	49.1
Additional tailored services and sales of goods	**13,215**	**31.7**	37,029	35.5
Housing repair services	**2,579**	**6.2**	9,486	9.1
Preliminary planning and design consultancy services	**732**	**1.8**	3,715	3.6
Pre-delivery inspection services	**1,074**	**2.6**	2,835	2.7
Total	**41,657**	**100.0**	104,292	100.0

Community Value-Added Services

The Group provides community value-added services to property owners and residents under management, which mainly comprise (i) home-living services, (ii) car park management, rental assistance and other services, and (iii) common area value-added services.

In the first half of 2023, the revenue from community value-added services increased by 15.1% to approximately RMB96.7 million compared to approximately RMB84.0 million in the same period of 2022, mainly due to the increase in the number of service users and the increase in provision of diversified home-living products. In the first half of 2023, revenue from community value-added services accounted for 15.9% of the total revenue of the Group.

The following table sets forth the revenue breakdown of community value-added services for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Home-living services(1)	**71,763**	**74.2**	62,496	74.4
Car park management, leasing assistance and other services(2)	**9,535**	**9.9**	8,984	10.7
Common area value-added services(3)	**15,368**	**15.9**	12,534	14.9
Total	**96,666**	**100.0**	84,014	100.0

Notes:

(1) It mainly includes services such as cleaning, group purchase, turnkey furnishing, home maintenance, value-added services related to tenants of operational management services and utility fee collection services.

(2) It mainly includes income from the management and assistance of parking lot leasing, provision of real estate brokerage services related to properties and parking spaces to owners and other services.

(3) It mainly includes common area advertising space and service income from common area leasing.

COMMERCIAL OPERATIONAL MANAGEMENT SERVICES

Since the Group's acquisition of Zhenro Commercial Management Co., Ltd. in 2021, it has engaged in the provision of commercial operational management services to tenants and customers, which primarily include (i) brand and management output services; and (ii) sublease services.

As at 30 June 2023, the number of commercial operation projects under management of the Group reached 33, and the total GFA under management was approximately 1.7 million sq.m.. During the Reporting Period, the commercial operation projects under management were located in Fuzhou, Changsha, Putian, Changzhou, Taixing, Xi'an, etc. During the Reporting Period, the revenue of commercial operational management services was approximately RMB64.7 million.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from four major businesses: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management business. During the Reporting Period, the Group's revenue amounted to approximately RMB606.5 million, which was quite stable as compared with RMB605.8 million in the same period of 2022.

The following table sets out the revenue contribution of each business segment during the periods indicated:

	For the six months ended 30 June				
	2023	**Percentage of revenue**	2022	Percentage of revenue	Growth rate
	RMB'000	***%***	*RMB'000*	*%*	*%*
	Unaudited		Unaudited		
Property management services	**403,432**	**66.5**	354,967	58.6	13.7
Value-added services to non-property owners	**41,657**	**6.9**	104,292	17.2	-60.1
Community value-added services	**96,666**	**15.9**	84,014	13.9	15.1
Commercial operational management services	**64,714**	**10.7**	62,525	10.3	3.5
Total	**606,469**	**100.0**	605,798	100.0	0.1

Property management services is still the largest source of income for the Group. During the Reporting Period, revenue from property management services reached approximately RMB403.4 million, accounting for 66.5% of the total revenue of the Group. Such revenue growth was attributable to the rapid growth of GFA under management, which was due to the Group's continuous cooperation with Zhenro Properties Group and its commitment to expanding the third-party customers base. The decrease in value-added services to non-property owners was mainly due to the substantial decrease in the demand for services such as sales assistance services and additional tailored services. The increase in revenue from community value-added services was mainly due to the increase in the number of service users and the increase in provision of diversified home-living products.

Cost of Sales

The cost of sales of the Group mainly includes staff costs, subcontracting costs, greening and landscaping costs, utilities expenses, tax and surcharges, depreciation and amortisation, office expenses and community activity costs.

During the Reporting Period, the cost of sales of the Group was approximately RMB449.9 million, representing an increase of approximately 9.0% as compared with approximately RMB412.7 million in the same period of 2022. The increase in the cost of sales was mainly due to the growing business scale of the Group.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit decreased by approximately 18.9% from approximately RMB193.1 million for the same period in 2022 to approximately RMB156.5 million.

During the Reporting Period, the gross profit margin of the Group decreased to 25.8% from 31.9% for the same period in 2022.

The gross profit margin of the Group by business line is as follows:

	For the six months ended 30 June		
	2023	2022	Changes in gross profit margin
	Gross profit margin	*Gross profit margin*	*Percentage points*
	%	*%*	
Property management services	**22.9**	24.7	-1.8
Value-added services to non-property owners	**4.9**	14.6	-9.7
Community value-added services	**30.3**	67.7	-37.4
Commercial operational management services	**50.5**	53.5	-3.0
Total	**25.8**	31.9	-6.1

Other income and gains

During the Reporting Period, the other income and gains of the Group decreased by approximately 39.0% from approximately RMB12.7 million for the same period in 2022 to approximately RMB7.8 million. The decrease was mainly due to the decrease in government grants from approximately RMB5.7 million during the corresponding period in 2022 to approximately RMB2.1 million for the Reporting Period.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by approximately 10.0% from approximately RMB75.2 million for the same period in 2022 to approximately RMB82.7 million. During the Reporting Period, administrative expenses accounted for 13.6% of the revenue, representing an increase of 1.2 percentage points as compared with 12.4% in the same period of 2022, mainly due to the increase in marketing personnel costs and related expenses incurred as a result of the Group's efforts to expand third party customers.

Income tax

During the Reporting Period, the Group recorded income tax expense of approximately RMB17.0 million. The increase in income tax expense was mainly due to the increase in profit before tax.

Profit attributable to owners of the parent

During the Reporting Period, the profit attributable to owners of the parent for the period was approximately RMB15.4 million, the profit attributable to owners of the parent was approximately RMB8.4 million in the same period in 2022.

Property and equipment

The property and equipment of the Group mainly included buildings, office equipment, electronic equipment and other assets. As of 30 June 2023, the property and equipment of the Group was approximately RMB5.8 million, representing a decrease of approximately RMB0.1 million or 2.4% as compared with approximately RMB5.9 million as at 31 December 2022.

Trade receivables

The Group's trade receivables mainly derived from its revenue from property management services and value-added services provided to non-property owners. As of 30 June 2023, the Group's trade receivables amounted to approximately RMB386.8 million, representing an increase of approximately RMB104.1 million or approximately 36.8% as compared with approximately RMB282.7 million as of 31 December 2022. The increase was in line with the revenue growth of property management services as a result of undertaking new projects and the business expansion in recent years.

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables primarily consisted of payments made on behalf of our property owners such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities and deposits in relation to the public biddings. As of 30 June 2023, the Group's prepayments, deposits and other receivables amounted to approximately RMB128.7 million, which was quite stable as compared with approximately RMB127.8 million as at 31 December 2022.

Trade payables

As of 30 June 2023, the Group's trade payables amounted to approximately RMB191.3 million, representing an increase of approximately 28.0% from approximately RMB149.5 million as of 31 December 2022. The increase was mainly due to the growth of the Group's business scale and the increase in subcontracting services to independent third-party service providers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet the funding requirements of the Group in the foreseeable future.

During the Reporting Period, the Group's principal use of cash was working capital and deposits for acquisition of subsidiaries, which was mainly funded from cash flow generated from operations and proceeds raised from the Company's initial public offering.

The Group's interest-bearing and other borrowings were all denominated in RMB and bear interest at fixed rates. As of 30 June 2023, the borrowings of the Group amounted to RMB92.2 million, compared to RMB100.1 million as of 31 December 2022. From the respective drawdown dates, the Group's interest-bearing and other borrowings repayable within one year were RMB80.2 million and repayable over one year were RMB12.0 million as of 30 June 2023, while the Group's borrowings repayable within one year were RMB85.0 million and repayable over one year were RMB15.1 million as of 31 December 2022. Except as disclosed herein and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as of 30 June 2023.

PLEDGE OF ASSETS

As of 30 June 2023, the Group's bank borrowings, in amount of RMB18,087,000 were secured by the pledge of 70% equity interest in a subsidiary, Jiangsu Sutie Property Management Co., Ltd. (31 December 2022: RMB21,140,000).

FINANCIAL RISKS

INTEREST RATE RISK

The Group's exposure to risk for changes in interest rates is primarily related to the Group's interest-bearing bank and other borrowings. The Group was not exposed to material risk directly relating to changes in market interest rates. The Group did not use derivative financial instruments to hedge interest rate risk. The Group's all bank borrowings were obtained with fixed interest rates.

FOREIGN EXCHANGE RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles its transactions is mainly RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group had no cash at banks denominated in foreign currencies. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

DEBT TO ASSET RATIO

As of 30 June 2023, the Group's debt to asset ratio was 0.08 times, basically the same as the debt to asset ratio of 0.09 times as of 31 December 2022. Debt to asset ratio equals interest-bearing bank borrowings divided by total equity.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

As of 30 June 2023, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Reporting Period, there were no significant investments held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group had no plans to make any material investments or capital assets.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There were no major events which would have an impact on the Company since the end of the Reporting Period and up to the date of this announcement.

EMPLOYEES

As at 30 June 2023, the Group had approximately 4,019 employees (31 December 2022: approximately 4,197 employees). During the Reporting Period, the total staff costs were approximately RMB240.4 million.

In terms of talent training, the Group will further enhance its employee training program with internal and external resources. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialise and strengthen their skill sets.

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to its staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. The Group also participates in social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

In determining the remuneration and compensation packages of the Directors and senior management, the Group will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The net proceeds raised in connection with the initial public offering of the Company in July 2020 (including the exercise of the over-allotment options) amounted to approximately HK$1,267.7 million (equivalent to approximately RMB1,141.7 million) (the "**Net Proceeds**").

The proposed use of the Net Proceeds (as reallocated and announced on 19 May 2021) and the actual usage of the Net Proceeds up to 30 June 2023 are set out below:

Proposed use of Net Proceeds	**Net Proceeds Re-allocated** *RMB million*	**Utilised Net Proceeds as of 30 June 2023** *RMB million*	**Unutilised Net Proceeds as of 30 June 2023** *RMB million*	**Expected time of full utilisation**
Development of the Group's information management system	228.3	102.2	126.1	Before 31 December 2023
Further development of the Group's "Rong Wisdom" (榮智慧) service software	171.2	84.4	86.8	Before 31 December 2023
General business operations and working capital	114.2	114.2	–	Not applicable
Acquisition of Zhenro Commercial Management	628.0	628.0	–	Not applicable
Total	**1,141.7**	**928.8**	**212.9**	

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and strengthening high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness, in order to safeguard and protect the interests of its shareholders and to enhance corporate value and accountability system. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**Corporate Governance Code**") as contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as in force from time to time as the basis of the Company's corporate governance practices.

Throughout the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining high standard corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the guidelines contained in the Model Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold and redeemed any of the listed securities of the Company during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company maintained the minimum public float of 25% as required under the Listing Rules during the Reporting Period and up to the date of this announcement.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing recommendations and advices to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises of three members, namely Mr. Zhang Wei and Mr. Ma Haiyue, who are independent non-executive Directors, and Mr. Liu Weiliang, who is a non-executive Director. Mr. Zhang Wei is the chairman of the Audit Committee, and Mr. Ma Haiyue has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Interim Results for the six months ended 30 June 2023 have been reviewed by the Audit Committee before being recommended to the Board for approval. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This Interim Results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.zhenrowy.com). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the shareholders of the Company and will be made available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
Zhenro Services Group Limited
Liu Weiliang
Chairman of the Board

Hong Kong, 25 August 2023

As of the date of this announcement, Mr. Deng Li and Mr. Wang Wei are the executive Directors; Mr. Liu Weiliang is the non-executive Director; and Mr. Ma Haiyue, Mr. Au Yeung Po Fung and Mr. Zhang Wei are the independent non-executive Directors.